



YNH PROPERTY BHD
(Incorporated in Malaysia)

(561986-V)

Interim Financial Statements
30 September 2014

YNH PROPERTY BHD
(Incorporated in Malaysia)

**Condensed Consolidated Profit or Loss and Other Comprehensive Income
For the Nine Months Period Ended 30 September 2014**

	Note	3 months ended		9 months ended	
		30.09.2014 RM	30.09.2013 RM	30.09.2014 RM	30.09.2013 RM
Revenue		144,025,454	56,184,046	388,178,520	216,428,722
Cost of sales		(105,712,513)	(28,321,560)	(254,956,397)	(122,116,655)
Gross profit		38,312,941	27,862,486	133,222,123	94,312,067
Other income		6,823,860	4,148,464	17,860,559	11,936,878
Administrative expenses		(11,305,379)	(7,394,335)	(35,348,650)	(27,501,315)
Selling and marketing expenses		(4,337,703)	(3,102,922)	(9,754,478)	(10,356,505)
Other operating expenses	30	(3,544,783)	(742,689)	(23,571,131)	(2,234,067)
Profit from operations		(19,187,865)	(11,239,946)	(68,674,259)	(40,091,887)
Finance costs	17	25,948,936	20,771,004	82,408,423	66,157,058
Profit before tax	17	(8,039,818)	(5,758,080)	(21,393,670)	(16,136,145)
Income tax expense	18	17,909,118	15,012,924	61,014,753	50,020,913
Total comprehensive income for the period		(5,898,503)	(4,409,456)	(18,918,173)	(14,143,928)
Earnings per share (sen)					
Basic	26 (a)	12,010,615	10,603,468	42,096,580	35,876,985
Diluted	26 (b)	2.96	2.53	10.29	8.54
		2.96	2.50	10.24	8.42

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Financial Position
As at 30 September 2014**

	Note	As at 30.09.2014 RM	As at 31.12.2013 RM
NON-CURRENT ASSETS			
Property, plant and equipment	8	160,968,353	140,593,897
Deferred tax assets		20,443,974	20,750,552
Investment properties	29	96,650,130	89,102,609
Goodwill on consolidation		17,626,036	17,626,036
Land held for future development		330,692,932	337,091,689
Other non-current assets	9(b)	308,073,672	308,072,972
		<u>934,455,097</u>	<u>913,237,755</u>
CURRENT ASSETS			
Property development costs		323,856,219	279,371,806
Inventories		231,646,616	231,047,937
Trade and other receivables	9(a)	73,993,956	108,483,896
Other current assets	9(c)	161,975,606	55,060,712
Tax recoverable		6,518,844	10,740,807
Term deposits and fixed income trust fund		526,616	4,260,179
Cash and bank balances		15,966,489	16,556,084
		<u>814,484,346</u>	<u>705,521,421</u>
TOTAL ASSETS		<u>1,748,939,443</u>	<u>1,618,759,176</u>

**Condensed Consolidated Statement of Financial Position as at 30 September 2014
(Contd.)**

	Note	As at 30.09.2014 RM	As at 31.12.2013 RM
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital		441,446,129	426,147,129
Share premium		55,970,919	50,153,299
Treasury shares		(58,475,383)	(9,084,118)
Other reserves		28,732,272	28,183,176
Retained earnings		406,532,373	372,636,600
Total equity		<u>874,206,310</u>	<u>868,036,086</u>
Non-Current Liabilities			
Deferred tax liabilities		43,379,018	43,641,824
Long term liabilities	20	<u>218,750,469</u>	<u>220,731,866</u>
		<u>262,129,487</u>	<u>264,373,690</u>
CURRENT LIABILITIES			
Trade and other payables		109,169,973	104,498,219
Other current liabilities	22	2,405,565	20,073,834
Provision for rectification works	23	127,008	197,794
Borrowings	20	500,124,680	360,949,634
Income tax payable		776,420	629,919
		<u>612,603,646</u>	<u>486,349,400</u>
TOTAL LIABILITIES		<u>874,733,133</u>	<u>750,723,090</u>
TOTAL EQUITY AND LIABILITIES		<u>1,748,939,443</u>	<u>1,618,759,176</u>
		-	
NTA per share (RM)		<u>1.94</u>	<u>2.00</u>
Net asset per share (RM)		<u>1.98</u>	<u>2.04</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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**Condensed Consolidated Statement of Changes in Equity
For the Nine Months Period Ended 30 September 2014**

Attributable to Equity Holders of the Company								
	Share capital RM	Non-distributable			Distributable		Retained profits RM	Total RM
		Share Option Reserve RM	Share Premium RM	Translation Reserve RM	Capital Reserve RM	Treasury Shares RM		
Opening balance at 1 January 2013	412,833,129	8,094,078	37,478,176	-	26,578,054	(727,293)	346,599,979	830,856,123
Total comprehensive income	-	-	-	-	-	-	35,876,985	35,876,985
Transaction with owners								
Purchase of treasury shares	-	-	-	-	-	(6,855,378)	-	(6,855,378)
Issue of ordinary shares under ESOS	13,264,000	-	5,040,320	-	-	-	-	18,304,320
Share option granted under ESOS	-	1,001,576	-	-	-	-	-	1,001,576
Dividends	-	-	-	-	-	-	(17,004,074)	(17,004,074)
Total transactions with owners	13,264,000	1,001,576	5,040,320	-	-	(6,855,378)	(17,004,074)	(4,553,556)
Closing balance at 30 September 2013	426,097,129	9,095,654	42,518,496	-	26,578,054	(7,582,671)	365,472,890	862,179,552
Opening balance at 1 January 2014	426,147,129	1,557,184	50,153,299	47,938	26,578,054	(9,084,118)	372,636,600	868,036,086
Total comprehensive income	-	-	-	-	-	-	42,096,580	42,096,580
Transactions with owners								
Issue of ordinary shares under ESOS	15,299,000	-	5,817,620	-	-	-	-	21,116,620
Share option granted under ESOS	-	461,346	-	-	-	-	-	461,346
Purchase of treasury shares	-	-	-	-	-	(49,391,265)	-	(49,391,265)
Dividends	-	-	-	-	-	-	(8,200,807)	(8,200,807)
Foreign currency translation difference	-	-	-	87,750	-	-	-	87,750
Total transactions with owners	15,299,000	461,346	5,817,620	87,750	-	(49,391,265)	(8,200,807)	(35,926,356)
Closing balance at 30 September 2014	441,446,129	2,018,530	55,970,919	135,688	26,578,054	(58,475,383)	406,532,373	874,206,310

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

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Condensed Consolidated Statement of Cash Flow
For the Nine Months Period Ended 30 September 2014

	9 months ended 30.09.2014 RM	9 months ended 30.09.2013 RM
Profit before taxation	<u>61,014,753</u>	<u>50,020,913</u>
Net cash used in operating activities	(70,249,402)	(108,733,460)
Net cash used in investing activities	(34,796,329)	(21,761,470)
Net cash generated from financing activities	<u>114,698,964</u>	<u>126,908,678</u>
Net increase in cash and cash equivalents	9,653,233	(3,586,252)
Cash and cash equivalents at beginning of financial period	(78,075,911)	(9,557,747)
Cash and cash equivalents at end of financial period	<u>(68,422,678)</u>	<u>(13,143,999)</u>

Cash and cash equivalents at end of financial period comprise the following:

Fixed deposits	526,616	512,792
Less: pledged fixed deposits	(526,616)	(512,792)
	-	-
* Cash and bank balances	15,966,489	35,964,923
Bank overdraft (included within borrowings in Note 20)	<u>(84,389,167)</u>	<u>(49,108,922)</u>
	<u>(68,422,678)</u>	<u>(13,143,999)</u>

- * Included in cash at banks of the Group are amounts of RM 3,253,803 held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and therefore restricted from use in other operations.

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the financial statements.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

1. BASIS OF PREPARATION

The quarterly condensed financial report has been prepared in accordance with:

- (i) The requirement of the Financial Reporting Standards ("FRS") Standard 134: Interim Financial Reporting; and
- (ii) Paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad and should be read in conjunction with the audited annual financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the quarterly condensed financial report. These explanatory notes attached to the quarterly condensed financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2013.

The significant accounting policies adopted for the quarterly condensed financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2013.

2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The Group's performance is not materially affected by seasonal or cyclical factors.

4. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items due to their nature, size or incidence affecting assets, liabilities, equity, net income or cash flows during the financial period ended 30 September 2014 except as disclosed in note 12 in the interim financial statements.

5. CHANGES IN ESTIMATES

The Group has not submitted any financial forecast or projections to any authority during the current quarter and prior financial year ended 31 December 2013.

There were no changes in estimates that have had a material effect in the current quarter results.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial period ended 30 September 2014 and the date of this interim report except the followings:

(a) Employee Share Option Scheme ("ESOS")

During the financial period ended 30 September 2014, the Company issued 15,299,000 ordinary shares of RM1 each for cash pursuant to the Company's ESOS at exercise prices of RM1.38 and 1.48 per ordinary share. The existing ESOS scheme had expired on 4 August 2014.

(b) Treasury Shares

During the financial year, the Company repurchased 26,520,900 of its issued ordinary shares from the open market at an average price of RM1.86 per share. The total consideration paid for the repurchase including transaction costs was RM49,391,265 and this was financed by internally generated funds. Total treasury shares repurchased as at 30 September 2014 is 31,405,878 ordinary shares of RM 1 each, representing a cumulative 7.11% of the total paid up share capital of the company as at 30 September 2014. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act 1965. No subsequent share repurchase is made subsequent to the financial period until the date of this report.

(c) Capital Management

The Group's objectives of managing capital are to safeguard the group's ability to continue in operation as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

For capital management purposes, the Group consider shareholders' equity to be the key component in the Group's capital structure. The Group monitors capital base on gearing ratio. The ratio is calculated on total borrowings to total capital and net debts. The Group's strategy is to maintain a gearing ratio of 20%-50%. The gearing ratio as at 30 September 2014, which are within the Group's objectives for capital management, are as follows:

	30.09.2014	31.12.2012
	RM	RM
Total borrowing	718,875,149	581,681,500
Trade and other payables	109,169,973	104,498,219
Less: Term deposits	(526,616)	(4,260,179)
Less: cash and bank balances	(15,966,489)	(16,556,084)
Net debts	<u>811,552,017</u>	<u>665,363,456</u>
Equity attributable to the owners of parents	<u>874,206,310</u>	<u>868,036,086</u>
Capital and net debts	<u>1,685,758,327</u>	<u>1,533,399,542</u>
Gearing ratio	<u>48%</u>	<u>43%</u>

A higher borrowings is recorded is mainly due to the purchase of pilling equipments for construction usage and share repurchase made during the financial year.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

6. CAPITAL MANAGEMENT, DEBT AND EQUITY SECURITIES (Contd.)

(c) Capital Management (contd.)

The details of the issuance and repayment of debts and equity instrument in the current quarter ended 30 September 2014 are as follows:

	30.09.2014
	RM
Issue of ESOS	21,116,620
Drawdown of revolving credit	155,179,174
Repayment of revolving credit	(2,430,588)
Drawdown of term loan	1,038,879
Repayment of term loan	(2,613,049)
Share buy back	(49,391,265)
Payment of dividend	(8,200,807)

7. DIVIDEND PAID

In respect of the financial year ended 31 December 2013, a single tier final dividend of 2% (2012-2.5%) on 410,040,351 ordinary shares of RM 1 each, which had been approved in AGM held on 30 June 2014, was paid on 30 September 2014, amounting to RM 8,200,807.02.

8. CARRYING AMOUNT OF REVALUED ASSETS

The valuation of property, plant and equipment and investment properties have been brought forward without amendment from the financial statements for the year ended 31 December 2013.

9(a). TRADE AND OTHER RECEIVABLES

	As at	As at
	30.09.2014	31.12.2013
	RM	RM
Trade receivables	52,214,804	92,970,079
Less: Provision for impairment	(1,824,656)	(533,406)
	<hr/> 50,390,148	<hr/> 92,436,673
Other receivables	23,603,808	16,047,223
	<hr/> 73,993,956	<hr/> 108,483,896

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

9(a). TRADE AND OTHER RECEIVABLES (Contd.)

The ageing analysis for the trade receivables are as follows:

	As at 30.09.2014 RM	As at 31.12.2013 RM
Neither past due nor impaired	16,714,694	47,879,093
1-30 days	5,388,305	10,058,903
31-60 days	6,162,928	12,874,127
61-90 days	5,928,549	5,243,153
91-120 days	3,759,265	6,046,223
121-150 days	974,846	3,302,671
>150 days	11,461,561	7,032,503
	33,675,454	44,557,580
Impaired	1,824,656	533,406
	<u>52,214,804</u>	<u>92,970,079</u>

The management is of the opinion that no further provision for doubtful debts is required for those trade receivables which are more than 150 days as most of the receivables are secured by financial institutions.

9(b). Other non current assets represent security deposits for various joint venture projects.

9(c). Included in other current assets is accrued billings in respect of property development of RM135,006,868 (2013-RM12,780,654).

10. SUBSEQUENT EVENTS

There is no material subsequent event from the end of the current quarter to the date of the interim financial statement.

11. CHANGES IN COMPOSITION OF THE GROUP

The Company has on 23 July 2014 acquired the entire issued and paid up capital of YNH Electrical Engineering Sdn Bhd ("YEESB") for a total consideration of RM2.00, resulting YEESB becoming a wholly-owned subsidiary of the Company. The intended principal activity of YEESB is that of electrical engineering contractors and electrical works.

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Company wholly-owned subsidiary Kar Sin Berhad ("KSB"), have on 21 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the years of assessment 1998 and 1999 amounting to RM1.059 million and RM3.336 million respectively. The IRB are further seeking penalties amounting RM150,164 and RM517,112 for late payment of the above said taxes.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

12. CHANGES IN CONTINGENT LIABILITIES AND CONTINGENT ASSETS (Contd.)

The Court of Appeal has on 17 April 2014 allowed Kar Sin Bhd's appeal against the additional assessment raised by Inland Revenue Board of Malaysia for Years of Assessment 1998 and 1999 and awarded cost of RM10,000 to Kar Sin Bhd.

YNH Construction Sdn Bhd ("YNHC"), a wholly-owned subsidiary of the Company, have on 25 January 2010, been served with a writ of summons and statement of claim by the Inland Revenue Board ("IRB") for back taxes for the year of assessment 1999 amounting to RM1,436,817.20. The IRB are further seeking penalties amounting to RM154,795.14 for late payment of the above said taxes.

YNHC has entered its appearance vide its solicitors, Messrs Raja, Darryl & Loh, to contest the above said claims. In this connection, YNHC has previously appealed against the income tax assessment raised for the year of assessment 1999 and the Special Commissioners of Income Tax ("SCIT") have on 21 September 2011 dismissed the appeal. YNHC had successfully appealed and won the case against the decision of SCIT at the High Court and YNHC has been awarded RM 5,000 cost for the cost of appeal. IRB had on 20 June 2014 withdrawn its appeal to the Court of Appeal against the decision of the High Court which allowed the appeal by YNH Construction Sdn Bhd.

13. CAPITAL COMMITMENTS

There was no capital commitment for the interim financial statement ended 30 September 2014 and as at the date of this report.

14. PERFORMANCE REVIEW

The Group's cumulative turnover for the current financial year ended 30 September 2014 has reached RM 388,178,520 (year 2013-RM216,428,722) and profit before taxation is reported at RM 61,539,753 (year 2013-RM50,020,913). The nine months results for the current year is arrived after charging a provision for onerous contract for Fraser Residence Kuala Lumpur amounting to RM15,700,000 (2013-RM Nil), a fair value adjustment of RM3,423,273 (2013-RM Nil) and a provision for ascertained liquidated damages of RM2,210,791 (2013-RM Nil). The Group registered a higher profit before taxation for the financial period compared to previous year correspondence quarter due to stronger contribution from Fraser Residence Kuala Lumpur. The Group's performance for this year is mainly derived from progressive sales of Fraser Residence Kuala Lumpur, commercial properties at Manjung Point Township (adjacent to AEON Shopping Complex), progressive sales of its inventories in Ceriaan Kiaran (Mont Kiara, Kuala Lumpur), Taman Pundut Raya (Seri Manjung), and sales of development land.

On a quarter to quarter basis, the current quarter profit before taxation of RM18,434,118 is fairly consistent with the second quarter of the financial year of RM 19,097,410.

15. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There was no off balance sheet financial instruments as at the date of this report.

NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

16. COMMENTARY ON PROSPECTS

The global economic climate remains challenging. Notwithstanding the challenging environment, the Company had been achieving encouraging demand for its projects such as Fraser Residence Kuala Lumpur, Manjung Point Seksyen 5, Pusat Perniagaan Manjung Point Seksyen 3 (Phase 1 and 2), and Taman Sejati III in Seri Manjung as well as the balance units in Ceriaan Kiara in Mont' Kiara KL. Sales from both the township projects in Manjung and also Klang Valley will continue to contribute to the Group's income.

Taking into consideration of the contribution from existing projects, the Board is optimistic of the Group's prospect for the subsequent financial period, subject always to any change in the economic conditions.

The Company is currently focusing on the development of its Kuala Lumpur project, namely Fraser Residence Kuala Lumpur and the project is expected to reach completion at the forth quarter of this financial year.

Furthermore, the Board is also optimistic of our Kiara 163 mixed development project held under D'Kiara Place Sdn Bhd ("DKP"), a wholly owned subsidiary company of YNH Property Bhd. DKP is the registered and beneficial owner of the 6 acres freehold development property located in Mont' Kiara, Kuala Lumpur, besides McDonald outlet at Plaza Mont' Kiara and opposite One Mont' Kiara. The approved development order is for the proposed commercial development comprising of:

- i) 2 Blocks of 42 storey of Service Apartment (584 units) with facilities and multi-storey car park,
- ii) 1 Office Tower,
- iii) 1 shopping mall and basement car park.

The Kiara 163 project has a total GDV of approximately RM1.0 billion with 60% of the GDV comprising of service apartments which are planned to be sold fully furnished and also managed by a reputable manager, with a similar concept like Fraser Place KL. The retail shopping mall will also be one of the main attraction of the development where residents/ tenants have seamless life, work and play lifestyle. Piling and sub-structure work for Kiara 163 has already commenced in the previous financial year.

Another project which will be undertaken by the Company in the near future is Sfera Residensi, which is located at Puchong South, Selangor. The project will have a Gross Development Value of approximately RM322 million, and is expected to contribute positively to the Company for the next three financial years. Piling and substructure work has already commenced and the Company will soft launch the project in the forth quarter of this financial year.

Another prestigious project planned for the future by YNH group is the Menara YNH development, located on one of the most exclusive addresses in Kuala Lumpur city centre, in the Golden Triangle area where most prestigious 5 star hotels and upmarket office spaces are found. The commercial development sits on a 130,826 sq ft (approximately 3 acres) of land with a wide frontage of 320 feet along Jalan Sultan Ismail. The location of Menara YNH also offers easy accessibility and close proximity to efficient public transport facilities such as the Putra Light Rail Transport and the K.L Monorail station. It is also located within walking distance to all major hotels and shopping centres. This Menara YNH has a GDV of approximately RM2.1 billion. Approved development order had already been obtained for this development, comprising office tower and shopping mall.

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

16. COMMENTARY ON PROSPECTS (Contd.)

The Group has intention to keep 50% of the Menara YNH referred above as investment property and it will be used as the Group's future corporate headquarter.

The Group has also entered into a series of joint venture projects for the development of a few pieces of land strategically located near Mont' Kiara, Hartamas, Kuala Lumpur city centre, Ipoh city and Seri Manjung town. These developments are at planning stage and have an estimated gross development value of RM1.8 billion and are expected to contribute to the Group's earnings for the next 15 to 20 years.

The Group had successfully completed the construction of AEON Shopping Centre in year 2012 and Pantai Specialist Centre at Seri Manjung in November 2013. The presence of AEON Seri Manjung Shopping Centre and Pantai Specialist Centre will further enhance the value of the balance 700 acres of undeveloped landbanks in the Manjung Point Township.

The Company had also in the 4th quarter of 2008 acquired 95 acres of strategic development land bank in Genting Highlands. The Genting land bank is located strategically next to the Genting Highland Resort and was acquired for RM16.05 million. The advantage of this land bank is that the purchase consideration is very low and it comes with infrastructure. The land has already been converted to building title. The proximity to the existing Genting Highland Resort is an advantage as the proposed development will complement the existing infrastructure. Other plus point for this development is that it is located in a cool environment and yet is 45 minutes from the KL city centre as the existing highway is already completed from the KL city centre to the existing resort.

The proposed development for this 95 acres land bank comprises commercial, bungalows, condominium, retail and etc for both local and foreign investors. The estimated gross development value for this future development is RM1.96 billion and expected to contribute to the Group's earnings in the next 20 years.

17. PROFIT BEFORE TAXATION

This is arrived at after charging:

	9 months ended 30.09.2014 RM
Short term revolving interest	12,340,642
Term loan interest	6,482,170
Overdraft interest	2,570,858
	<hr/>
and crediting	9 months ended 30.09.2014 RM
Interest income	282,646
	<hr/>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

18. INCOME TAX EXPENSE	3 months ended 30.09.2014	3 months ended 30.09.2013	9 months ended 30.09.2014	9 months ended 30.09.2013
	RM	RM	RM	RM
Tax expense for the period:				
Malaysian income tax	(5,338,644)	(2,358,704)	(18,868,873)	(17,431,738)
Deferred tax	(559,859)	(2,050,752)	(49,300)	3,287,810
	<u>(5,898,503)</u>	<u>(4,409,456)</u>	<u>(18,918,173)</u>	<u>(14,143,928)</u>

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follow:

	9 months ended 30.09.2014
	RM
Profit before taxation	<u>61,014,753</u>
Taxation at applicable statutory tax rate	(14,643,541)
Tax provision written back (YA 1999)	2,915,992
Expenses not deductible for tax purposes	(8,157,944)
Income not taxable	897,135
Others	245,485
Tax expense for the quarter/year	<u>(18,742,873)</u>

Included in taxation provision account for the nine months is an amount of RM2,915,992 being reversal of provision of taxation subsequent to the successful appeal by Kar Sin Bhd and YNH Construction Sdn Bhd (subsidiaries company of YNH Property Bhd) against the additional assessment raised by the Inland Revenue Board in respect of YA 1998 and YA 1999 .

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NOTES TO THE INTERIM FINANCIAL STATEMENTS - 30 SEPTEMBER 2014

19. SALES OF UNQUOTED INVESTMENTS AND PROPERTIES

There were no sales of unquoted investments and no other sales of properties for the quarter ended 30 September 2014 except for the sales of development properties in the ordinary course of business.

20. LOAN AND BORROWINGS

	As at 30.09.2014 RM	As at 31.12.2013 RM
Current		
Secured-Bank overdraft and revolving credit	496,703,370	357,935,551
Secured-Term loan	3,421,310	3,014,083
Non-current		
Secured-Term loan	218,750,469	220,731,866
	<u>718,875,149</u>	<u>581,681,500</u>

All of the above borrowings are denominated in Ringgit Malaysia. Included in current portion of loan and borrowing is RM 84,389,167 (2013-RM 98,369,934) of bank overdraft.

21. PROFIT FORECAST

The disclosure requirements for explanatory notes for the variance of actual profit after tax and minority interest and forecast profit after tax and minority interest and for the shortfall in profit guarantee are not applicable.

22. OTHER CURRENT LIABILITIES

Included in other current liabilities is accrued billing of RM 24,197 (2013-RM 16,790,572).

23. PROVISION FOR RECTIFICATION WORKS

	As at 30.09.2014 RM	As at 31.12.2013 RM
Opening	197,794	371,662
Provision during the period/year	-	148,826
Utilisation/ written back during the period/year	(70,786)	(322,694)
Closing	<u>127,008</u>	<u>197,794</u>

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24. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged whether as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence, which has a material effect on the financial position of the Group and the Directors do not know of any proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of YNH Property Bhd and its subsidiaries except as disclosed in notes 12 to the interim financial statements.

25. DIVIDEND PAYABLE

The Board has recommended final single tier dividend of 2% (2 sen per share) in respect of the financial year ended 31 December 2013 ((2012-2.5% (2.5 sen per share)) on 410,040,351 ordinary shares, amounting to RM8,200,807.02, which had been approved in the AGM held on 30 June 2014. The entitlement date and payment date is 3 September 2014 and 30 September 2014 respectively. The dividend, had been accounted for in equity as an appropriation of retained earnings in the financial year ending 2014.

On 28 August 2014, the Company announced to distribute treasury shares to the entitled shareholders at the ratio of one (1) treasury shares for every one hundred and thirty (130) ordinary shares of RM 1 each held. The actual treasury shares to be distributed will depend on the issued share capital on entitlement date. The entitlement date and distribution date on the treasury shares are on 28 October 2014 and 28 November 2014 respectively.

The Company has a dividend policy of at least 30% of profit after taxation be fixed for future declaration of dividend.

26. EARNING PER SHARE

(a) **Basic**

Basic earning per share is calculated by dividing the net profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months ended 30.09.2014	3 months ended 30.09.2013	9 months ended 30.09.2014	9 months ended 30.09.2013
	RM	RM	RM	RM
Net profit for the period	12,010,615	10,603,468	42,096,580	35,876,985
Weighted average number of ordinary shares in issue	405,837,820	419,759,910	409,094,164	420,187,675
Basic earnings per share (sen)	2.96	2.53	10.29	8.54

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26. EARNING PER SHARE (Contd.)

(b) **Diluted**

For the purpose of calculating diluted earning per share, the net profit for the period and the weighted average number of ordinary shares in issue during the period have been adjusted for the effect of dilutive potential ordinary shares from the exercise of share options granted to employees ("ESOS").

	3 months ended 30.09.2014 RM	3 months ended 30.09.2013 RM	9 months ended 30.09.2014 RM	9 months ended 30.09.2013 RM
Net profit for the period	12,010,615	10,603,468	42,096,580	35,876,985
Weighted average number of ordinary shares in issue	405,837,820	419,759,910	409,094,164	420,187,675
Adjustment for assumed exercise of ESOS	215,942	4,400,997	2,163,559	5,749,724
Adjusted weighted number of ordinary shares in issue	406,053,762	424,160,907	411,257,723	425,937,399
Diluted earnings per share (sen)	2.96	2.50	10.24	8.42

27. RELATED PARTY TRANSACTION

The Group's related party transactions cumulative period-to-date ended 30 September 2014 are as follows:

Party	Transaction	30.09.2014 RM
Transaction with non-group members	Rental of equipment and transportation payable, purchase of construction material and rental of land and properties	7,745,727
	Rental of properties and equipment received	45,000
	Sales of properties	13,486,088.00
Transaction with person connected with Directors	Rental paid for service apartment	494,703
	Legal services paid	6,274,573
	Sales of properties	2,906,554
	Rental of properties received	27,000

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27. RELATED PARTY TRANSACTION (Contd.)

Party	Transaction	30.09.2014 RM
Transaction with Directors	Sales of properties	1,797,384
	Rental paid for service apartment and office	<u>5,346,018</u>
Transaction with Directors	Legal services paid	<u>171,656</u>

The Group's Directors personal compensation for the period under review are as follows:

	30.09.2014 RM
Type of compensation	
Salaries and allowances (including employer EPF portion)	11,010,338
Directors fee	138,600
Employee share option	<u>118,116</u>
	<u>11,267,054</u>

28. REALISED AND UNREALISED PROFITS

	30.09.2014 RM	31.12.2013 RM
Total retained profits of YNH Property and its subsidiaries		
-Realised profits	575,456,276	516,565,369
-Unrealised profits	<u>17,985,060</u>	<u>13,469,495</u>
	<u>593,441,336</u>	<u>530,034,864</u>
Consolidation adjustments	<u>(186,908,963)</u>	<u>(157,398,264)</u>
Total group retained profits as per consolidated accounts	<u>406,532,373</u>	<u>372,636,600</u>

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29. INVESTMENT PROPERTIES

	Completed investment property RM	Investment property under construction RM	Total RM
Cost			
At 1 January	10,869,418	78,601,232	89,470,650
Additions	7,642,386	-	7,642,386
As at 30 September	<u>18,511,804</u>	<u>78,601,232</u>	<u>97,113,036</u>
Accumulated amortisation			
At 1 January	368,041	-	368,041
Additions	94,865	-	94,865
As at 30 September	<u>462,906</u>	<u>-</u>	<u>462,906</u>
Net carrying amounts	<u>18,048,898</u>	<u>78,601,232</u>	<u>96,650,130</u>

The investment property comprises 19 units double storey shop houses , a sport recreational complex, a petrol station and certain vacant land.

30. OTHER OPERATING EXPENSES

Included in other operating expenses is a provision for onerous contract for Fraser Residence Kuala Lumpur amounting to RM15,700,000 (2013-RM Nil) , a fair value adjustment of RM3,423,273 (2013-RM Nil) and a provision for ascertained liquidated damages of RM2,210,791 (2013-RM Nil).

31. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 November 2014.

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32. SEGMENTAL REPORTING

	Property Development & Construction		Hotel & Hospitality		Adjustment & Elimination		Consolidated	
	30.09.2014 RM	30.09.2013 RM	30.09.2014 RM	30.09.2013 RM	30.09.2014 RM	30.09.2013 RM	30.09.2014 RM	30.09.2013 RM
Revenue								
External customers	570,569,976	312,302,345	27,530,368	23,616,743	(209,921,824)	(119,490,366)	388,178,520	216,428,722
Inter-segment			65,275	80,542	(65,275)	(80,542)	-	-
Results								
Interest income		-		-		-	-	-
Dividend income	700,000	700,000	-	-	(700,000)	(700,000)	-	-
Depreciation	5,821,976	1,522,734	814,766	673,245	-	-	6,636,742	2,195,979
Finance cost	21,190,922	16,136,145	202,748	-	-	-	21,393,670	16,136,145
Profit/(loss) before taxation	159,606,465	79,487,390	(4,958,016)	(4,955,782)	(93,108,696)	(24,710,695)	61,539,753	49,820,913
Segment assets	2,272,738,372	2,026,309,860	37,354,145	25,949,964	(561,153,074)	(509,100,264)	1,748,939,443	1,543,159,560
Segment liabilities	1,171,271,171	927,703,847	42,343,413	24,749,816	(338,881,451)	(271,473,655)	874,733,133	680,980,008